

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF GEORGETOWN
FLOYD COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
11/16/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Douglas E. Cook	01-01-08 to 12-31-11
President of the Town Council	Billy W. Stewart	01-01-08 to 12-31-10
Public Works Director	Jimmy D. Reynolds	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF GEORGETOWN, FLOYD COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Georgetown (Town), for the period of January 1, 2008 to December 31, 2009. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 2, 2010

TOWN OF GEORGETOWN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 80,793	\$ 336,813	\$ 318,574	\$ 99,032
Motor Vehicle Highway	1,830	64,074	47,810	18,094
Local Road and Street	11,898	29,885	14,540	27,243
Park and Recreation	745	21,894	20,252	2,387
Law Enforcement Continuing Education	1,932	2,792	2,768	1,956
Riverboat	252,598	263,970	457,433	59,135
Rainy Day	44,586	56,512	50,000	51,098
Drug Enforcement Continuing Education	1,351	-	483	868
Cumulative Capital Improvement	9,144	7,242	-	16,386
DUI	931	-	-	931
Economic Development Income Tax	10,505	51,049	16,376	45,178
Proprietary Funds:				
Water Utility - Operating	24,686	791,867	740,110	76,443
Water Utility - Bond and Interest	96,515	117,077	115,411	98,181
Water Utility - Debt Reserve	119,035	2,231	298	120,968
Water Utility - Customer Deposit	83,937	93,752	87,735	89,954
Water Utility - Construction	91,496	100,264	136,525	55,235
Water Utility - SRF Construction	1,577	-	-	1,577
Wastewater Utility - Operating	150,391	1,142,536	1,052,537	240,390
Wastewater Utility - Bond and Interest	154,568	366,296	318,155	202,709
Wastewater Utility - Debt Reserve	184,490	-	-	184,490
Wastewater Utility - Customer Deposit	58,108	74,331	64,534	67,905
Wastewater Utility - Bond Refinance Overage	9,824	12	9,836	-
Wastewater Utility - Improvement	58,713	263,922	234,461	88,174
Sanitation Utility - Operating	(21,681)	268,488	241,383	5,424
Storm Water Utility - Operating	2,225	13,902	6,989	9,138
Broadband Utility - Operating	60,476	107,136	160,641	6,971
Broadband Utility - Customer Deposit	4,100	550	1,450	3,200
Fiduciary Fund:				
Payroll	9,755	582,829	584,283	8,301
Totals	<u>\$ 1,504,528</u>	<u>\$ 4,759,424</u>	<u>\$ 4,682,584</u>	<u>\$ 1,581,368</u>

The accompanying notes are an integral part of the financial information.

TOWN OF GEORGETOWN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 99,032	\$ 426,224	\$ 319,402	\$ 205,854
Motor Vehicle Highway	18,094	64,986	49,233	33,847
Local Road and Street	27,243	29,620	30,966	25,897
Park and Recreation	2,387	22,036	23,023	1,400
Law Enforcement Continuing Education	1,956	2,264	556	3,664
Riverboat	59,135	13,937	9,345	63,727
Rainy Day	51,098	16,891	-	67,989
Drug Enforcement Continuing Education	868	-	186	682
Cumulative Capital Improvement	16,386	6,828	19,690	3,524
DUI	931	-	-	931
Economic Development Income Tax	45,178	57,657	12,808	90,027
Proprietary Funds:				
Water Utility - Operating	76,443	738,312	725,568	89,187
Water Utility - Bond and Interest	98,181	116,385	114,816	99,750
Water Utility - Debt Reserve	120,968	44	36	120,976
Water Utility - Customer Deposit	89,954	12,078	9,657	92,375
Water Utility - Construction	55,235	198,706	251,241	2,700
Water Utility - SRF Construction	1,577	-	-	1,577
Wastewater Utility - Operating	240,390	1,560,475	1,665,718	135,147
Wastewater Utility - Bond and Interest	202,709	366,563	519,272	50,000
Wastewater Utility - Debt Reserve	184,490	-	-	184,490
Wastewater Utility - Customer Deposit	67,905	13,478	9,279	72,104
Wastewater Utility - Improvement	88,174	44,307	130,286	2,195
Sanitation Utility - Operating	5,424	294,169	270,270	29,323
Storm Water Utility - Operating	9,138	14,386	19,199	4,325
Broadband Utility - Operating	6,971	36,287	42,778	480
Broadband Utility - Customer Deposit	3,200	350	750	2,800
Fiduciary Fund:				
Payroll	8,301	611,178	607,202	12,277
Totals	<u>\$ 1,581,368</u>	<u>\$ 4,647,161</u>	<u>\$ 4,831,281</u>	<u>\$ 1,397,248</u>

The accompanying notes are an integral part of the financial information.

TOWN OF GEORGETOWN
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety (police), highway and streets, culture and recreation, public improvements, planning and zoning, urban redevelopment, general administrative services, water, wastewater, storm water, sanitation, and broadband internet services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF GEORGETOWN
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Subsequent Events

Wastewater Treatment, Transportation, and Disposal Service Agreement

The Town has an agreement with the City of New Albany, dated March 1, 2005, in which the City of New Albany will provide wastewater treatment, transportation, and disposal services to the Town. The term of the contract is for 21 years and provides compensation to the City of New Albany at rates no greater than those charged upon New Albany's customers inside the corporate limits.

The Town of Georgetown desires to construct its own wastewater treatment plant and has requested from the City of New Albany an early termination of the contract, with the provision that it continues to receive services under the original agreement until the treatment plant is completed and operational. On July 20, 2006, the City of New Albany agreed and the contract was amended to provide for the request.

The amendment provides that the original agreement shall remain in effect for up to 30 months, allowing the Town time to construct the treatment plant. During these 30 months the rates charged to Georgetown shall remain the same as outlined in the original agreement. The amendment provides that in the event that upon expiration of the 30 month term, Georgetown has not completed and /or made operational its new treatment plant, then the following provisions shall apply thereafter:

- (1) Rates and charges shall be amended to reflect Georgetown being considered as a customer outside of New Albany's corporate boundaries.
- (2) The Town shall assess, collect, and pay over to New Albany connection fees for each new connection to the Georgetown system at rates established by New Albany for new connections outside the City boundaries.
- (3) In the event that Georgetown has either not commenced construction of its treatment plant, or has commenced construction but not completed construction within four years after the date of the amendment, then Georgetown shall pay to New Albany the additional sum of \$450,000. Provisions of the amendment provides for this additional amount to be waived should Georgetown be utilizing reasonable efforts to construct but is being prevented by court order or by third party challenging such efforts.

In August 2010, the Town of Georgetown and the New Albany Sewer Board executed an agreement waiving the \$450,000 penalty.

Sale of O'Brien property to Floyd County

On January 12, 2010, Floyd County and the Town of Georgetown entered into a settlement agreement to convey the "O'Brien Site" to Floyd County for \$362,000.

Purchase of property to construct Wastewater Treatment Plant

During 2010, the Town purchased 72.261 acres located at 9627 State Road 64 for \$368,235.89. The land will be used as the site for the Town's new wastewater treatment plant.

TOWN OF GEORGETOWN
NOTES TO FINANCIAL INFORMATION
(Continued)

Construction of Wastewater Treatment Plant

During 2010, the Town entered into agreements for the construction of infrastructure in conjunction with the construction of a wastewater treatment facility located at 9627 State Road 64. The estimated cost for the infrastructure and treatment facility is \$4,500,000.

Indiana Finance Authority loan

On January 12, 2010, the Town entered into an agreement with the Indiana Finance Authority to borrow an amount not to exceed \$3,500,000 to be used to finance the construction of a wastewater treatment plant. The principal maturity of the bonds is subject to loan forgiveness and shall be deemed forgiven and discharged on April 15, 2013, to the extent permitted by the American Recovery and Reinvestment Act.

Sewage Works Revenue Bonds of 2010

On February 10, 2010, the Town of Georgetown entered into a financial aid agreement with the Indiana Finance Authority for \$235,000 of Sewage Works Revenue Bonds. The bonds have an interest rate of 2.56% and mature in 10 years.

Termination of Broadband Service

On August 30, 2010, the Town of Georgetown applied for approval from the Federal Communications Commission (FCC) for a discontinuation to provide broadband internet services, to be effective October 1, 2010. In coordination with the discontinuance of providing Broadband internet services, the Town approved ordinance G-10-04 to sell the related equipment and lease tower rights.

TOWN OF GEORGETOWN
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
For The Year Ended December 31, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 23,000
Buildings	612,219
Improvements other than buildings	110,896
Machinery and equipment	943,599
Infrastructure	<u>4,541,320</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 6,231,034</u>

TOWN OF GEORGETOWN
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Backhoe	\$ 12,081	\$ 12,808
Business-type activities:		
Water Utility:		
Notes and loans payable:		
2001 State revolving loan	\$ 1,162,933	\$ 114,970
Wastewater Utility:		
Notes and loans payable:		
2006 Amended bond anticipation note	48,984	49,523
Revenue bonds:		
2007 Wastewater bond refunding	1,755,000	171,610
Total Wastewater Utility	1,803,984	221,133
Broadband Utility:		
Capital leases:		
Subscriber units	13,959	7,358
Total business-type activities debt	\$ 2,980,876	\$ 343,461

TOWN OF GEORGETOWN
EXAMINATION RESULT AND COMMENT

CAPITAL ASSET RECORDS

Information presented for examination indicates the Utilities do not maintain sufficient detailed records of capital assets. Records providing historical costs for some of the Utilities capital assets are not available, and records classifying and summarizing the Utility's capital assets are incomplete. Deletions or disposals of capital assets are not recorded.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF GEORGETOWN
EXIT CONFERENCE

The contents of this report were discussed on September 2, 2010, with Douglas E. Cook, Clerk-Treasurer; Everett Pullen, Town Council member; Jimmy D. Reynolds, Public Works Director; and Kimberly Sweet, Chief Deputy Clerk-Treasurer. The officials concurred with our finding.